



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Community Planning and Development Healthy Homes and Lead Hazard Control

Special Attention of:

All Field & Regional Directors
State Coordinators
All CPD Division Directors
All HOME Participating Jurisdictions
All CDBG Grantees

Notice: OHHLHC-03-01

Issued: 10/11/02

Expires: 10/10/03

Cross Reference: OHHLHC-01-01

SUBJECT: Extension of Availability of Funds for Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) Grantees for Clearance Testing Required by HUD's New Lead Safety Regulation

Purpose: This Notice provides information to Community Planning and Development (CPD) field staff and to CDBG and HOME grantees about the extension of the availability of funding to help pay for lead clearance testing that is required by Title X of the Housing and Community Development Act of 1992, as implemented in the Lead Safe Housing Rule (24 CFR Part 35). HUD has been providing this funding to eligible CDBG and HOME grantees (and sub-grantees) by paying up to \$150 for the initial clearance test in each housing unit after lead hazard control activities. This Notice extends the period of time within which grantees can apply for clearance payments.

Background: On September 15, 1999, HUD published a final regulation that imposed new requirements on certain housing units receiving CDBG and HOME assistance; the effective date of this rule was September 15, 2000. Among other requirements, the new lead safety regulation requires CDBG or HOME grantees providing funds for rehabilitation, acquisition, and tenant-based rental assistance to perform clearance testing (or clearance examination) after certain lead hazard control activities. The clearance test ensures that all lead hazard control work required in a unit was completed and that no lead-based paint hazards remain. Clearance testing after work that disturbs lead-based paint is of great importance in helping to prevent childhood lead poisoning.

In response to concerns regarding grantee capacity and the availability of qualified personnel to undertake the work required by the Lead Safe Housing Rule, HUD published a transition assistance policy in the Federal Register on September 11, 2000, to assist grantees with implementing the rule. As part of its transition policy, HUD has provided additional funds to eligible CDBG and HOME grantees. These funds for lead clearance testing are for grantees as they begin implementing the rule, in recognition of the costs grantees incur for the clearance testing. HUD has streamlined the payment program process to allow grantees to receive clearance payments with the minimum amount of paperwork. However, some grantees have not taken full advantage of this program. Therefore, this extension is being issued to allow grantees additional time to submit clearance payment requests.

Eligible grantees and Eligible Clearance Tests: Eligible recipients for this assistance are CDBG and HOME grantees that incur costs for lead clearance testing required by 24 CFR Part 35 for housing receiving CDBG assistance or for HOME projects, when the clearance test is conducted

between October 1, 2001, and January 31, 2003. HUD has simplified the payment procedure for subgrantees of State CDBG and HOME grantees, so that these subgrantees can request payment directly, rather than having to forward their request through their State grantee (with the consent of the State grantee to this arrangement). The contractor hired by HUD to process clearance payment requests will provide funding for the actual costs of the test, up to \$150 per test. Funding will be provided for one test per housing unit.

Fund Allocation: HUD set aside \$11,000,000 [subject only to the availability of appropriations] for this offer to pay for clearance testing, under the conditions set forth in Notice OHHLHC-01-01, with the time period extended by this Notice. HUD originally made the funds available to eligible grantees for 12 months. This Notice serves to extend this period for 4 months. HUD urges all CDBG and HOME grantees as well as their sub-grantees to avail themselves of these funds promptly. These funds must be utilized to ensure their availability.

Funding Mechanism: HUD has arranged with a contractor, Destiny Management Services, to provide funds directly to the grantee. The contractor's web site for this program is www.destinymgmtsvcs.com/grantee.htm. The grantee will obtain a written commitment obligating the HUD contractor to pay the costs of clearance testing (not to exceed \$150 per unit) for a specified number of units (provided that the testing meets the conditions of this Notice) when the grantee is ready to sign one or more contracts for clearance testing. To obtain payment, the grantee will certify to the conditions of this Notice and provide data to the HUD contractor. The HUD contractor will then pay the grantee promptly. If CDBG or HOME funds were originally used to pay for the clearance test, then the funds from the HUD contractor must be deposited in the CDBG or HOME program account and accounted for as an applicable credit. In an effort to increase participation among CDBG and HOME grantees, the HUD contractor distributed a notice on June 21, 2002, which allowed sub-grantees to approved state CDBG grantees to go directly to the contractor to request clearance payments. HUD believes this approach has increased participation in the program by making it easier for sub-grantees to get paid for clearance examinations conducted after lead-hazard control work. By extending the period of time for sub-grantees to submit requests for clearance payment, participation should increase even further. HUD also stresses the need for direct recipients of CDBG and HOME funding to submit payment requests for completed clearance work promptly.

Whether a grantee is using its staff or a clearance examination contractor to conduct the testing, the grantee will obtain a written commitment obligating the HUD contractor to pay the costs of clearance testing (not to exceed \$150 per unit) for a specified number of units (provided that the testing meets the conditions of this Notice) which the grantee estimates will be tested during a specified period. To obtain payment, the grantee will certify to the conditions of this Notice and provide data to the HUD contractor. The HUD contractor will then pay the grantee promptly.

Data needed for each clearance testing performed by the grantee's contractor will include address of the property, date clearance report issued, and a copy of the contractor's invoice. Data needed for clearance testing performed by grantee staff are the salary costs, the employee name(s), hourly pay, number of hours worked on the test, and, for lab tests, a copy of the invoice. Submissions may be batched but each clearance test must be documented individually.

Further Information: Instructions about the payment process, downloadable forms, and project information updates are available at the HUD contractor's web site for this project, www.destinymgmtsvcs.com/grantee.htm

To find clearance testing firms, grantees may wish to use the "Lead Listing" which can be reached from www.hud.gov/offices/lead/ or call HUD's Lead Compliance Assistance Center toll-free at (866) HUD-1012.

Additional information about HUD's Lead Safe Housing Rule and HUD's transition assistance policy is available on the Office of Lead Hazard Control's website at www.hud.gov/offices/lead/, or from HUD's Lead Compliance Assistance Center toll-free at (866) HUD-1012.

HUD Field Office staff can obtain additional information by contacting the Office of Block Grant Assistance, the Office of Affordable Housing Programs, or the Office of Healthy Homes and Lead Hazard Control.
